

Message Text

CONFIDENTIAL

PAGE 01 LONDON 07337 251903 Z

47

ACTION STR-08

INFO OCT-01 EUR-25 IO-13 ADP-00 ARA-11 SSO-00 NSCE-00

USIE-00 INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 TAR-02

TRSE-00 PRS-01 OMB-01 RSR-01 /178 W
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O P 251854 Z JUN 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2151

INFO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L LONDON 07337

E. O. 11652: XGDS

TAGS: ETRD GATT US UK

SUBJECT: DOLLAR AREA QUOTAS

REFS: (A) STATE 121565, (B) LONDON 7095, (C) LONDON 7061,
(D) OECD PARIS 16012

1. M. J. E. FRETWELL, HEAD OF TRADE POLICY DEPARTMENT AT FCO, PHONED US JUNE 25 TO INFORM US OF MEETING WITH CARIBBEANS EARLIER THAT DAY AS WELL AS TO REPLY TO OUR COMMENTS ON BRITISH DRAFT AIDE MEMOIRE (STATE 121565).

2. FRETWELL SAID THAT LADY TWEEDSMUIR, MINISTER OF STATE AT FCO, HAD RECEIVED CARIBBEANS RATHER THAN LORD BALNIEL. THE MEETING WAS, ACCORDING TO FRETWELL, " VERY, VERY ROUGH." CARIBBEANS WERE MOST INSISTENT THAT HMGNOT CONCEDE TO USG DEMAND ON DAQ' S, BUT BY END OF MEETING REDUCED THEMSELVES TO STRONG PLEA THAT THEY BE ALLOWED ANOTHER 14 DAYS IN WHICH TO ARGUE THEIR CASE FUTHER. LADY TWEEDSMUIR REPLIED THAT THIS WAS NOT A GOOD IDEA, AND HMG COULD ACCEPT IT ONLY IF USG AGREED TO WAIT ANOTH-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 07337 251903 Z

ER 14 DAYS TO EXCHANGE NOTES. OTHERWISE, THE EXCHANGE OF NOTES WILL TAKE PLACE PROMPTLY. LADY TWEEDSMUIR ADDED THAT, EVEN IF USG DOES AGREE TO FURTHER EXTENSION, THIS WOULD BE THE FINAL DELAY. HMG WILL TAKE NO ACTION UNTIL WORD IS RECEIVED FROM USG.

3. AS FOR OUR COMMENTS ON BRITISH DRAFT, FRETWELL SAID FCO CAN MODIFY AIDE MEMOIRE TO MEET OUR NEEDS, WITH ONE EXCEPTION. THEIR UNDERSTANDING OF OUR AGREEMENT ON THE CIGAR QUOTA WAS THAT IT WOULD BE INCREASED ON JANUARY 1, 1974 AND AGAIN ON JANUARY 1, 1975. IT WOULD TERMINATE ON JANUARY 1, 1976 (I. E., DECEMBER 31, 1975). IF THE NEXT TWO QUOTA PERIODS ARE REGARDED AS BEING 1974 AND 1975 (OECD PARIS 16012, PARA 3- A), THIS WOULD BE CONSISTENT WITH THAT THEY OFFERED US IN PARIS. IT WILL BE RECALLED THAT AT JUNE 8 MEETING IN PARIS THERE WAS SOME CONFUSION REGARDING THE DATES THAT WOULD BE APPLICABLE. FRETWELL ADDED UNOFFICIALLY THAT HE THOUGHT HMG COULD MANAGE SOME INCREASE IN CIGAR QUOTA THIS CALENDAR YEAR, BUT HE COULD NOT PROMISE.

4. EMBASSY STRONGLY URGES THAT USG NOT REPEAT NOT CONSEN TO 14- DAY DELAY IN EXCHANGE OF NOTES. ALL USEFUL ARGUMENTS ON BOTH SIDES OF THE DAQ QUESTION HAVE BEEN MADE MANY TIMES OVER, AND THERE IS NOTHING NEW THAT COULD HAVE BEARING ON CASE. WE ARE CONCERNED, MOREOVER, THAT THE LONGER THIS DRAGS ON THE GREATER THE RISK OF UK BECOMING "UNSTUCK". AS WE POINTED OUT IN REF (B), WE HAVE PUT GREAT PRESSURE ON UK IN THIS MATTER, AND THE BRITISH HAVE MADE A MAJOR EFFORT TO MEET OUR DESIRES. THE SOLUTION TO THIS NAGGING BILATERAL ISSUE OF LONG STANDING IS NOW WITHIN OUR REACH, AND WE HOPE IT CAN BE CONCLUDED WITHOUT FURTHER DELAY, WITH SUBSEQUENT GOOD EFFECT ON OUR PREPARATIONS FOR MTN LEGISLATION AND ON US- UK RELATIONS.

5. BRITISH EMBASSY WASHINGTON HAS BEEN INSTRUCTED APPROACH DEPARTMENT ON THIS QUESTION.

6. ACTION REQUESTED: PLEASE ADVISE SOONEST HOW WE SHOULD RESPOND TO QUESTION OF 14- DAY DELAY.

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PAGE 03 LONDON 07337 251903 Z

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON07337
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: XS
Errors: n/a
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730627/aaaajljp.tel
Line Count: 114
Locator: TEXT ON-LINE
Office: ACTION STR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 STATE 121565, 73 LONDON 7095, 73 LONDON 7061, OECD PARIS 16012
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 10 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Aug-2001 by elyme>; APPROVED <03-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980220
Subject: DOLLAR AREA QUOTAS
TAGS: ETRD, UK, US, GATT
To: SECSTATE WASHDC
STR INFO GENEVA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005